

## FISCAL NOTE

TO: Chief Clerk of the Senate  
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 8, 1995

SUBJECT: **SB 1645 - HB 1624**

This bill, if enacted, will amend the Tennessee Consolidated Retirement System by defining *average final compensation* to mean the average salary of the member's three highest consecutive years of salary. This bill also provides for certain out-of-state service to be used in calculating the amount of retirement allowance which certain teachers or state employees will be entitled to upon retirement. In addition, the bill increases the formula in calculating a Group 1 member's retirement allowance by substituting 1.6% for 1.5%.

The fiscal impact from enactment of this bill is estimated to be an increase in the lump sum liability of the pension plan by approximately \$1,642,900 with an increase in first year state expenditures of approximately \$160,956,000. Details of this estimate are shown below:

	Lump Sum Liability	First Year Cost
3 Yr. AFC	\$ 737,000,000	\$ 72,076,000
Out-of-State Service	56,900,000	5,580,000
1.6% Formula	<u>849,000,000</u>	<u>83,300,000</u>
 TOTAL	 <u>\$1,642,900,000</u>	 <u>\$160,956,000</u>

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director